

## Franchise Tax Board

## NO ANALYSIS REQUIRED

Author: Nakano Analyst: Jeani Brent Bill Number: AB 465  
Related Bills: See Prior Analysis Telephone: 845-3410 Amended Date: 08/16/1999  
Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Research Expenses Credit/Increase Alternative Incremental Credit to 90% of Federal Formula

- \_\_\_\_ ANALYSIS NOT REQUIRED of this bill -- Not within scope of responsibility of this department.  
\_\_\_\_ TECHNICAL BILL -- No program or fiscal changes to existing program.  
\_\_\_\_ BILL AS AMENDED NO LONGER WITHIN SCOPE of responsibility or program of the department.  
X TECHNICAL AMENDMENT - No change in previously submitted analysis required. Approved position of prior analysis is Pending.  
\_\_\_\_ MINOR AMENDMENT - No change in previously submitted analysis required. Approved position of prior analysis is \_\_\_\_\_.  
\_\_\_\_ MINOR AMENDMENT - No change in approved position of \_\_\_\_\_. See comments below.  
\_\_\_\_ OTHER - See comments below.

**COMMENTS:**

Under the Personal Income Tax Law (PITL) and the Bank and Corporation Tax Law (B&CTL), this bill would increase the state alternative incremental research expenses credit to 90% of the federal credit amount, instead of the existing 80%.

The August 16, 1999, amendments modified the bill to base it on the law as it exists after the enactment earlier this year of SB 705 (Stats. 1999, Ch. 77). This modification would ensure that this bill would not chapter out changes made to the research expenses credit by SB 705.

The department's analyses of the bill as introduced February 16, 1999, and as amended April 12, 1999, June 14, 1999, and June 28, 1999, still apply. The Board position is included below for convenience.

BOARD POSITION

Pending.

At its March 23, 1999, meeting, the Franchise Tax Board voted 2-0 to take a "neutral" position on this bill as introduced February 16, 1999, which would have increased the alternative incremental credit from 80% to 100% of the federal formula. However, the Board has not yet reviewed the modifications, which would increase the credit from 80% to 90% of the federal formula.

## Board Position:

____ S	____ NA	____ NP
____ SA	____ O	____ NAR
____ N	____ OUA	<u>X</u> PENDING

Franchise Tax Board Staff

Date

Jeani Brent

8/31/1999